

# HOUSE BILL REPORT

## HB 1639

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**As Reported by House Committee On:**  
Local Government & Housing

**Title:** An act relating to the investment expenses of counties.

**Brief Description:** Regarding investment expenses of counties.

**Sponsors:** Representatives Hunter, Anderson, Priest, Sullivan and Rodne.

**Brief History:**

**Committee Activity:**

Local Government & Housing: 2/5/09, 2/12/09 [DP].

**Brief Summary of Bill**

- Modifies the definition of actual expenses to include only a county's out-of-pocket costs.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

**Majority Report:** Do pass. Signed by 8 members: Representatives Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox, Miloscia, Short, Springer, White and Williams.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Simpson, Chair; Nelson, Vice Chair; Upthegrove.

**Staff:** Sara del Moral (786-7291) and Thamas Osborn (786-7129)

**Background:**

The county treasurer operates under the authority of various state laws relating to the receipt, processing, and disbursement of funds. The treasurer is the custodian of the county's money and the administrator of the county's financial transactions.

In addition to his or her duties relating to county functions, the treasurer provides financial services to special purpose districts and other units of local government. These services

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include the receipt, disbursement, investment and accounting of these entities' respective funds.

The county treasurer may, without regard to budget limitations, use funds deducted from an authorized county investment pool to create a revolving fund to pay the actual expenses of running the pool. State law does not define "actual expenses."

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**Summary of Bill:**

Actual expenses include only the county's direct and out-of-pocket costs. They do not include indirect or loss-of-opportunity costs.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The King County Treasurer manages investments for King County school boards. It charges 16 basis points, which adds up to high fees for the schools. Small cities also can't afford to pay such high fees. The Treasurer should charge for actual expenses, not extract additional money from other entities.

(Opposed) The King County Treasurer offers a high quality service with a high rate of return; that's why the basis points are higher than in other counties. The bill is overly restrictive and prevents a treasurer from recovering the full cost of investment. It is optional for local districts to join a county investment pool. Each county investment pool operates differently. The bill doesn't allow for different costs and different benefits among counties. A treasurer must provide other services to local districts and may not charge for them. Such services include warrants, bank services, and collecting property taxes.

**Persons Testifying:** (In support) Representative Hunter, prime sponsor; Jake Kuper, Issaquah School District; and Doug Lasher.

(Opposed) Ken Guy, King County.

**Persons Signed In To Testify But Not Testifying:** None.